

1 A I would certainly assume so.

2 Q Do you know if Mr. Tichenor is fluent in  
3 Spanish?

4 A I believe he is.

5 Q Do you know if Mr. Hinson is fluent in  
6 Spanish?

7 A I don't know.

8 Q If you turn to page 53830.

9 MR. TERRELL: 53 what?

10 MR. DWYER: 830.

11 Q Do you see where Hispanic market is  
12 underserved?

13 A Uh-huh.

14 Q What did you mean by that?

15 A Well, I think that that was what we were  
16 talking about earlier, that the amount of advertising  
17 dollars directed to the Hispanic population was less  
18 than what their percentage of total retail spending  
19 made up of the total.

20 Q And are the next -- the next slides, for  
21 example, is 53831 a slide that you presented to -- to  
22 demonstrate graphically and numerically that  
23 proposition that the Hispanic population is  
24 underserved?

25 A That's my general recollection, yes.

1           Q     So would I correctly understand this chart  
2     on 53831 to mean that less than three percent of U.S.  
3     advertising -- radio advertising dollars are spent on  
4     Spanish-language radio advertising even though the  
5     Hispanic population is nine-and-a-half percent of the  
6     population?

7                     THE WITNESS:   Can you repeat that?  
8     Sorry.

9                     (The requested portion was read back)

10          A     I think that's accurate, yes.

11          Q     And was there -- was there a point that you  
12     were trying to convey in making this -- in using this  
13     chart?

14          A     I think that the title says a significant  
15     upside potential of Hispanic ad market.

16          Q     So you thought that if -- if -- because of  
17     the higher percentage of the population that's  
18     Hispanic and the higher percentage of consumer  
19     expenditures that's Hispanic that the advertising  
20     dollars would eventually rise to or at least approach  
21     those higher percentages?

22          A     I think that was the general theory, yes.

23          Q     Is that -- has that theory panned out?

24          A     Again, I think I testified earlier I don't  
25     know if it has or it hasn't.

1           Q     If you wanted to know the answer you would  
2     ask somebody at HBC?

3           A     Yeah. Or I'd go back to some of those  
4     sources that were listed. But my first call would  
5     probably be to them.

6           Q     And who would you ask there? Mr. Tichenor?

7           A     I would probably ask Mr. Tichenor, yes.

8           Q     If you look at the next page, which is  
9     53832, that -- which is the -- a chart that says  
10    Spanish Radio Industry Revenue Potential, in the -- in  
11    the middle it says -- uses the phrase revenue gap.  
12    What did you mean by that?

13          A     I think what this is saying is that if the  
14    Spanish radio industry revenue share equaled its  
15    audience share that you would generate \$600 million  
16    when in fact it only generates \$321 million, and so  
17    that there's a difference between those two which I  
18    think is being labeled the revenue gap.

19          Q     And -- and the point of the presentation  
20    here was that that's the -- that's the upside  
21    potential for the New Heftel to try to get a large  
22    share of that 279 million that might be generated if  
23    advertising catches up to listenership in the Hispanic  
24    population?

25          A     I think the idea was that the Hispanic

1 market was underserved and they were trying to find a  
2 way to quantify that, get it in -- put it into  
3 perspective.

4 Q But from a presentation perspective you're  
5 trying to tell the bondholders that the New Heftel  
6 that you were putting together would -- would  
7 participate to a great extent in going after that  
8 additional revenue.

9 A That was our hope, yes.

10 Q You see the bottom under Source, the last  
11 item is Katz Hispanic Media?

12 A I do.

13 Q So does that refresh your recollection  
14 whether Katz has a group called Katz Hispanic Media?

15 A It would certainly suggest that's what it  
16 was called.

17 Q Now, the next page, 53833, the heading says  
18 U.S. Hispanics Continue to Favor Spanish-language  
19 Media.

20 What -- what did you mean by that?

21 A I -- I don't know -- I don't know that I  
22 gave this part of the presentation so I'm not sure I  
23 would be the best person to ask that.

24 Q Okay. You can put that document aside. I  
25 think we've come to the end of what I think we're --

1 part of the presentation of you being.

2 Have you had any communications with  
3 anyone from an investment banking firm from 1996 to  
4 the present concerning analyst -- research analyst  
5 coverage of SBS stock?

6 THE WITNESS: Can you repeat the  
7 question?

8 (The requested portion was read back)

9 A No.

10 Q Do you know whether anyone else from Clear  
11 Channel has had any such conversation?

12 A I don't believe so.

13 Q Do you know whether Mr. Hinson has had any  
14 such conversations?

15 A I have no idea.

16 Q Do you know whether anyone from HBC has had  
17 such conversations?

18 A I have no idea.

19 Q Would you agree that you would be wrong if  
20 anyone from Clear Channel or HBC tried to limit or  
21 eliminate coverage of SBS stock by securities  
22 analysts?

23 A I would say that would probably be  
24 inappropriate, yes.

25 MR. TERRELL: I'm sorry. I can't

1 hear.

2 THE WITNESS: I would say that that  
3 would probably be inappropriate.

4 Q Did you -- do you know a man named  
5 Tim Wallace who is a research analyst at Lehman?

6 A Yes.

7 Q And did he cover Clear Channel stock prior  
8 to leaving Lehman Brothers in 1999?

9 A He did.

10 Q And have you -- have you been in touch with  
11 him since -- since he left Lehman in 1999?

12 A Yes.

13 Q Is he -- does he still cover Clear Channel  
14 stock at Bank of America?

15 A Yes.

16 Q So you've -- you've had conversations with  
17 him over time?

18 A Yes.

19 Q Do you know how -- how it came that  
20 Mr. Wallace left Lehman to join Bank of America?

21 A Not specifically, no.

22 Q Do you have a general understanding of why  
23 he left?

24 A I think he was offered a better job.

25 Q Do you know who offered him the better job?

1           A     I believe Bank of America.

2           Q     Did anyone from Clear Channel or HBC have  
3 any role in his being brought to the attention of Bank  
4 of America?

5           A     I recall Tom Carter, who was our contact  
6 person at Bank of America, calling me after they made  
7 the acquisition with Montgomery and asking me -- they  
8 were looking for a new research analyst and asking me  
9 if I had any suggestions on individuals that they  
10 might think to look at. And I recall giving him three  
11 or four names, one of which I remember being  
12 Mr. Wallace's name.

13          Q     When was that conversation?

14          A     I couldn't tell you specifically.

15          Q     Was it about the time that -- just after B  
16 of A acquired Montgomery?

17          A     I don't know if it was specifically. That's  
18 my general recollection.

19          Q     But would it be about that time?

20          A     That's my general recollection.

21          Q     Who else did you recommend?

22          A     You know, I can't -- I can't remember  
23 specifically. I think I mentioned Niraj Gupta and  
24 possibly Paul Sweeney. I just -- I don't remember  
25 specifically. You'd have to ask Mr. Carter.

1 Q And where are Mr. Gupta and Mr. Sweeney?

2 A I think at the time Mr. Gupta was -- where  
3 was he? He might have been at Orthime (phonetic)  
4 Shroder. He's now currently at Salomon. And I think  
5 Mr. Sweeney was actually at Salomon and is now at  
6 First Boston. They tend to move around a lot.

7 Q Did you feel any disloyalty to Lehman by  
8 Orthime or Salomon by suggesting to Bank of America  
9 that they contact a research analyst to potentially  
10 hire?

11 A No. I think that I viewed it a person asked  
12 me for honest information about who I thought were the  
13 good analysts and I relayed that to them.

14 Q I asked you before whether this had occurred  
15 about the time that B of A acquired Montgomery and,  
16 you know, we were a little fuzzy on time.

17 Do you know whether this occurred about  
18 the same time that you had your conversations with  
19 Elizabeth Satin concerning Mr. Alarcon and drug use?

20 A I have -- I don't know.

21 Q Did you let Mr. Gupta and Mr. Sweeney or  
22 Mr. Wallace know that you had given their names to  
23 Bank of America?

24 A Mr. Wallace eventually called me and said  
25 that he was considering going to work for Bank of



1 America and did I have any impression of that. And I  
2 said that I thought they were a very good firm.

3 I can't recall whether or not I did or  
4 didn't suggest to him at that time that I had  
5 suggested that he might be a good candidate for them  
6 to look at.

7 Q At some earlier or subsequent time did you  
8 let him know that you had been a -- a recommender of  
9 his?

10 A I don't know that I ever did, no.

11 Q Did you ever tell him you thought it was a  
12 good place to work?

13 A I told him I thought that Bank of America  
14 was an excellent place.

15 Q Did you tell him if you went there -- if he  
16 went there that you'd try to get Clear Channel or  
17 Heftel to give business to Bank of America that he  
18 would get originating credit for?

19 A Absolutely not.

20 Q Did you tell Mr. Carter that if he hired  
21 Mr. Wallace or any of the other analysts you  
22 recommended that you would see that underwriting  
23 business or debt business run his way?

24 A Absolutely not.

25 Q Did you tell Mr. Wallace that Bank of

1 America was a good place to work?

2 A I told him that I thought that it was an  
3 excellent firm.

4 Q Do you know if anyone from HBC talked to  
5 Mr. Wallace about his -- his leaving Lehman and going  
6 to Bank of America?

7 A I don't know.

8 Q Do you know if anyone else from Clear  
9 Channel talked to Mr. Wallace or Mr. Carter about that  
10 subject?

11 A I don't know.

12 Q Had -- prior to your having that  
13 conversation with Mr. Wallace -- I'm sorry.

14 MR. DWYER: Withdrawn.

15 Q Prior to your having that conversation with  
16 Mr. Carter had Bank of America done any work for Clear  
17 Channel?

18 A Yes.

19 Q And has Bank of America continued to do work  
20 for Clear Channel?

21 A Yes.

22 Q And prior to that conversation had Bank of  
23 America done any work for Heftel?

24 A I think they -- I shouldn't say I think  
25 because I don't know that they did or they didn't.

1           Q     Subsequently has Bank of America done work  
2     for Heftel?

3           A     I don't know that they have or they haven't.

4           Q     Have you ever had a -- any oral or written  
5     communication from an investment banker seeking  
6     business who discussed with you any desire to initiate  
7     coverage of Clear Channel -- analyst coverage of Clear  
8     Channel?

9                     THE WITNESS: Can you repeat that?

10                    (The requested portion was read back)

11           A     I'm not sure I -- I'm not sure I totally  
12     understand the question. But as I -- as I think I  
13     understand it, the answer is no.

14           Q     Is it important for a research analyst to  
15     have access to the company that he's covering?

16           A     When you say important, what do you mean?

17           Q     Well, what -- you're -- you're the -- you've  
18     been the CFO at Clear Channel for a number of years  
19     now. Correct?

20           A     Yes.

21           Q     And do you deal with -- you deal with  
22     research analysts?

23           A     I do from time to time.

24           Q     And what is the nature of your dealings with  
25     research analysts?

1           A     They're generally asking me questions about  
2     the company.

3           Q     And do they then use the answers you give  
4     them in preparation of their reports on Clear Channel?

5           A     Yes.

6           Q     And would it -- would it impact a research  
7     analyst in doing his job if you -- if you refused to  
8     answer his questions anymore?

9           A     I think it would make it more difficult but  
10    I don't think it would make it impossible. I mean  
11    there's lot of research analysts who cover Clear  
12    Channel who I never talk to.

13          Q     I'm making the distinction that you never to  
14    that you refused to talk to. Have you ever refused to  
15    talk to any research analyst trying to cover Clear  
16    Channel?

17          A     No.

18          Q     You would perceive that in your interest --  
19    self-interest as the CFO of the company to have -- to  
20    let research analysts have access to you.

21          A     To the extent that it wasn't something that  
22    consumed so much of my time that it became an issue  
23    for me from a time resource standpoint.

24          Q     Do you think it would be wrong for a CFO to  
25    tell a research analyst that he wouldn't let him have

1 access to him if he covered somebody else's stock?

2 A I -- I would not think that would be  
3 appropriate.

4 MR. DWYER: I'm going to mark as  
5 Exhibit 71 the subject we talked about a little  
6 before, a November 15th, 1999 letter to Deutsche Bank  
7 Securities signed by Mr. Mays which is CC 141 through  
8 156.

9 (Exhibit 71 was marked)

10 Q Mr. Mays, before I get into the substance of  
11 the document I have some formatting questions for you  
12 which is --

13 A Okay.

14 Q -- are the first two pages of this document  
15 related to the -- to the rest of the document?

16 A I don't believe so, no.

17 Q So let's start out by asking you about the  
18 first two pages of the document which are Bates  
19 numbers 141 and 142. Is that your signature on the  
20 second page of the document?

21 A I believe so, yes.

22 Q And did you send this to Deutsche Bank  
23 Securities on or about November 15th, 1999?

24 A It certainly would appear that I did, yes.

25 Q Remember we -- I asked you before if -- if